

October 31 – November 21 noon (EST)



2012 School Corporation Employee Communication

ENROLLMENT DATES

The 2012 Open Enrollment period will begin Monday, October 31 and will end at noon (Eastern Standard Time) Monday, November 21, 2011. Open Enrollment communications including carrier information and plan summaries will be posted on the state of Indiana's school-specific website at www.in.gov/spd/2589.htm.

For specific information regarding when you will see the 2012 deductions on your paycheck, please consult your school's benefit coordinator.

EFFECTIVE DATES

All changes and additions must be turned in to your schools benefit coordinator before the end of the open enrollment period and will be effective Jan. 1, 2012.

A QUICK LOOK AT WHAT'S NEW

There are new rates for all of the plans, but you also need to review the three health plans offered. The Traditional PPO out-of-pocket maximum will change, as well as the co-insurance amounts. Be sure to compare all three health plans offered. And last, but not least, the Non-Tobacco Use Incentive is increasing to \$54.17 per month. You can earn a \$650 reduction in premiums in 2012 if you pledge to abstain from tobacco use.

HEALTH COVERAGE

The state is continuing to offer three statewide plans: Consumer-Driven Health Plan 1 (CDHP1), Consumer Driven Health Plan 2 (CDHP2) and Traditional PPO. All three available plans are in the **Blue Access PPO** network with Anthem and have the same prescription drug plan through Medco. Each plan has differences in premium costs, deductibles and out-of-pocket maximums. Here are the differences at a glance:

	CDHP 1	CDHP 2	TRADITIONAL PPO
Deductible	\$2,500 single \$5,000 family	\$1,500 single \$3,000 family	\$750/\$1,500 single \$1,500/\$3,000 family
Co-Insurance	20%/40%	20%/40%	30%/50%
Preventive Services	Covered in full	Covered in full	Covered in full
Out of pocket maximum	\$4,000 single \$8,000 family	\$3,000 single \$6,000 family	\$2,500/\$5,000 single \$5,000/\$10,000 family

For the new plan year, the Traditional PPO plan has been redesigned. While the deductible for the plan will remain the same, the co-insurance will now be 30% for most services after the deductible is met and before the out-of-pocket maximum is reached. If you are a Traditional PPO participant, be sure to review all of the changes.

All three plans offer 100 percent coverage on preventive services, such as annual physicals, well baby visits, mammograms, prostate exams, routine vaccines and annual pap smears. Premiums, co-insurance, out-of-pocket maximum expenditures and contributions to Health Savings Accounts (HSAs) are all part of the equation to make the best decision with your health care dollars. Please take advantage of all the information and resources available online to help you make the best decision for you and your family: www.in.gov/spd/2589.htm.

NON-TOBACCO USE INCENTIVE

The Non-Tobacco Use Incentive is being offered again to employees for the 2012 plan year. You can receive a \$54.17 monthly reduction in your group health insurance premium by accepting the agreement during Open Enrollment. By accepting the incentive, you are agreeing to not use any form of tobacco products in 2012. This applies to employees who have never used tobacco products, to employees who have refrained from using tobacco products in past years and to those employees who have decided to quit using tobacco products prior to Jan. 1, 2012. Keep in mind, by accepting the agreement you are also agreeing to be subject to testing for nicotine at anytime during the year. **The Non-Tobacco Use Agreement must be completed each year.** Please see your school's benefits coordinator for this form.

The Non-Tobacco Use Incentive is only available to employees who have enrolled in medical coverage. You will not have access to the agreement if you waive medical coverage for plan year 2012.

***Note: The Non-Tobacco Use Incentive will not carry over from year to year. If you would like to participate in 2012 you must complete a new Non-Tobacco Use Agreement.**

DUAL COVERAGE

Dual coverage of the same individual is not allowed under the state's health plans. For example, dual coverage by two employees is not allowed, meaning that if both you and your spouse are school corporation employees (or one is a current employee and the other is a retiree), you may not cover each other or the same children on family coverage. This also applies to parents of children who are not married to each other. You may each elect a single plan, one may carry family and the other may waive coverage, or one may carry family with the children and the other carry single coverage.

A second example occurs when an employee who has retired from a school corporation begins active work in another state position or school corporation position that has medical benefits under the state of Indiana's plans. In this instance, you will have the choice to continue your retiree coverage and waive your active employee coverage, or vice versa. However, you will not be permitted to carry state retiree insurance and active employee coverage simultaneously.

MAXIMUM CONTRIBUTIONS TO A HEALTH SAVINGS ACCOUNT (HSA)

Contributions are allowed up to the maximum statutory limit. The maximum annual contribution for 2012 is \$3,100 for self-only policies and \$6,250 for family policies. Individuals age 55 and over may make an additional “catch up” contribution of up to \$1,000 in 2012. The maximum includes any contributions being made by the school corporation, if applicable.

Early withdrawal penalty

If the money in your HSA is withdrawn for nonmedical purposes before age 65, you’ll get hit with a 20% early-withdrawal penalty and the money will be taxed as income.

HSAS AND ADULT CHILDREN

If you cover dependents up to age 26, you may be unable to use HSA funds for reimbursement on a tax-free basis for medical expenses incurred by your children. If you do not claim a dependent on your tax return, you cannot use HSA funds for that dependent’s medical expenses.

According to **IRS Publication 969**, eligible medical expenses can be incurred by the following: you and your spouse; all dependents you claim on your tax return; and any person you could have claimed as a dependent on your return, except if the person filed a joint return, had a gross income of \$3,650+, or you (or your spouse if filing jointly) could be claimed as a dependent on someone else’s 2011 return.

Therefore, you can cover your child until their 26th birthday under your CDHP, but unless you declare your child as a tax dependent, you cannot use your HSA funds to cover any of their medical expenses. Typically, this will be most prevalent with dependents age 23-26.

HSAS AND MEDICARE ELIGIBILITY

If you elected to receive Social Security benefits at age 62 or older, you will automatically be enrolled in Medicare Part A when you turn age 65. If you enroll in Medicare at any time, with or without receiving Social Security benefits, you may not contribute to a HSA. Enrolling in Medicare will disqualify you from making your own contributions into a HSA. If you wish to participate in the HSA, you should decline to receive Social Security retirement benefits which will decline Medicare Part A. Keep in mind that there are potential consequences if you choose to decline your enrollment once you have started receiving benefits. Please research your options before making your decision.

Please note: Although you can no longer make contributions to your HSA once you enroll in Medicare, the money that has accumulated in your HSA from past years remains yours to spend, tax-free, on eligible expenses including Medicare co-pays or deductibles, vision expenses and dental expenses. If you are age 65 or over, you also have the option to withdraw the money for any purpose and pay only the income tax without penalty.

If your spouse is covered by Medicare and is not covered under your CDHP, you can still use your HSA funds for their eligible health expenses. You can use funds in your HSA to pay for eligible medical expenses your dependents (as defined by the federal regulations) incur, even if

they are not covered under your medical plan or have other coverage, such as Medicare. Although, keep in mind that if your spouse is on Medicare, she/he is not eligible to contribute to an HSA in her/his name, regardless of whether or not she/he is covered on your medical plan.

The same rules also apply if you receive Social Security disability benefits and are enrolled in Medicare.

DEPENDENT ELIGIBILITY

Adult children may be covered under the state of Indiana's medical plans **until the date of their 26th birthday**. A dependent's last day of coverage will be the day before they turn 26-years-old. Dependents will still be offered COBRA when they lose eligibility. Spouses of **adult children** (deemed "children-in-law") and grandchildren are not eligible for this coverage.

Disabled dependents under the age of 26 can be enrolled in any of your desired plans during the Open Enrollment period.

Once your dependent turns 26-years-old, you will have **120 days** from the day of your disabled dependent's 26th birthday to submit the "**Verification of Dependent Disability**" form (which must be signed and completed by a physician) to your school's benefits coordinator.

Please note: In order for a disabled dependent to continue coverage past 26-years-old, that dependent child must have been deemed disabled **prior to age 19**. If a dependent child was deemed disabled after age 19, they will not be eligible to continue coverage past age 26.

CREDITABLE COVERAGE DISCLOSURE NOTICE

If you are Medicare-eligible, there are two important things you need to know about your current coverage and Medicare's prescription drug coverage. First, Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare.

Second, the state of Indiana's third-party administrator determined that the prescription drug coverage offered by Medco Health Solutions is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

If you are considering joining Medicare's prescription drug coverage, you should compare your current coverage, including which drugs are covered at what cost with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. For more information about Medicare's prescription drug coverage please visit: www.medicare.gov.

CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT OF 2009

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) is a premium assistance program for employees who are eligible for health coverage from their employer, but are unable to afford the premiums. States use funds from their Medicaid or CHIP programs to help people who are eligible for employer-sponsored health coverage, but need assistance in paying their health premiums.

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your state Medicaid or CHIP office. You can also call **1-877-KIDS NOW** or visit the following website: www.insurekidsnow.gov to find out how to apply. Please review the information posted on the Benefits website for more details.

WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998

As required by the Women's Health and Cancer Rights Act (WHCRA) of 1998, this plan provides coverage for:

- 1) All stages of reconstruction of the breast on which the mastectomy has been performed;
- 2) Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- 3) Prostheses and physical complications of mastectomy, including lymphedemas, in a manner determined in consultation with the attending physician and the patient.

Such coverage may be subject to annual deductibles and coinsurance provisions as may be deemed appropriate and are consistent with those established for other benefits under the plan or coverage. Written notice of the availability of such coverage shall be delivered to the participant upon enrollment and annually thereafter. Contact Anthem at 1-877-814-9709 for more information.

ANTHEM 360°

The state is committed to providing employees with helpful tools in order to achieve a more active and healthy population. All employees enrolled in an Anthem plan receive special services in conjunction with the Anthem 360° Health Program. Anthem 360° Health provides you with support to help you achieve your health goals by working with you, your doctor and other health care professionals to assist you in improving your health. Please visit www.anthem.com for more information. Representatives from the Anthem 360° program may contact you to help you reach your health goals.

An exciting feature of the Anthem 360° Health Program is the Anthem **NurseLine**. As a state of Indiana health plan enrollee, you and your dependents have the opportunity to contact a registered nurse at anytime during the day to assist you with any medical issue you may be experiencing. **NurseLine** is available 24 hours a day/7 days a week, anywhere in the country. Nurses are highly qualified and maintain strict confidentiality in accordance with HIPAA laws. **NurseLine** provides employees an opportunity to call and consult with a nurse before seeking medical attention. **NurseLine** nurses will not diagnose you, but they will help you make an educated decision as to whether or not an office visit or emergency room visit is necessary.

This service is free of charge to you, so please utilize it when necessary by calling: **888-279-5449**.

QUALIFYING EVENTS/MAKING CHANGES AFTER OPEN ENROLLMENT

After November 21, you will not be able to make changes to your benefits for 2012. This means you must be certain you have made all the best choices and remembered to add all eligible dependents. After Open Enrollment, you can only make changes due to a qualifying event.

Qualifying events are governed by the IRS; examples of qualifying events are:

- Changes in your legal marital status (marriage, divorce, separation, annulment or death of spouse).
- Changes in the number of dependents (birth, adoption, placement for adoption or death).
- Changes in employment status for you or your spouse, such as termination of or change in employment, a strike or lockout, start or end of an unpaid leave of absence, or a change in worksite.

Failure to report the qualifying event and complete any necessary paperwork within **30 calendar days** means you will not be able to add dependents until the next enrollment period.

CHECKLIST FOR A SUCCESSFUL OPEN ENROLLMENT

- ✓ Educate yourself on the medical options available to you effective Jan. 1, 2012.
- ✓ Confirm or update your personal information including your home and/or mailing address and phone number with your school corporation.
- ✓ Carefully read the information.
- ✓ Review your eligible dependents. If you are making changes for 2012, please be sure to check Add Dependents or Remove Dependents on the application.
- ✓ Evaluate your HSA contributions, if applicable. Do you need to increase your contributions?
- ✓ Accept or decline the Non-Tobacco Use Agreement for 2012.
- ✓ **Submit your application and Non-Tobacco Use Agreement to your school's benefits coordinator.**

HAVE QUESTIONS? NEED MORE HELP?

2012 school corporations website:

<http://www.in.gov/spd/2589.htm>

Benefits Division: 317-232-1167 (Indianapolis area)
or 1-877-248-0007 (outside Marion County only)

Email: benefitingschools@spd.in.gov